



**STATE OF NEW JERSEY**  
**Board of Public Utilities**

*Two Gateway Center  
Newark, NJ 07102*

I/M/O The Electric Discount and )  
Energy Competition Act of 1999- )  
Internet Enrollment Program )

ENERGY

ORDER

Docket Nos. EX94120585Y et. al.  
and GX99030121 et. al.

(Service List Attached)

BY THE BOARD:

On July 20, 2000, the Board approved a Pilot Internet Enrollment Program (Pilot Program) to commence on September 1, 2000. This Pilot Program would enable customers to enroll with licensed electric or gas suppliers through a supplier's Internet site, but provided for a 10% limit on customer enrollments through the Internet. At the same time, the Board indicated that it was reviewing the federal "Electronic Signatures in Global and National Commerce Act" (PL106-229), which becomes effective on October 1, 2000, and would modify the Pilot Program as needed to comply with the new federal requirements.

By way of background, Section 37 of the Electric Discount and Energy Competition Act ("the Act") provides that competitive retail electric and gas suppliers shall not cause an unauthorized change in a customer's supplier, otherwise known as "slamming," and deems as unauthorized any change in supplier where the customer has not "affirmatively and voluntarily" authorized such change and the supplier has not received customer approval either through a written signature or such other forms of verification as approved by the Board, in consultation with the Division of Consumer Affairs (N.J.S.A. 48:3-86). Until the Board authorizes an alternative form of verification, a so-called "wet signature" by a customer on a contract is required in order for a supplier to be authorized to submit a change order on behalf of that customer. The driving motivation behind the adoption of the wet signature requirement was and is the Board's desire to prevent unauthorized change orders, as has occurred in the telecommunications industry. Accordingly, the Board has taken the approach that the implementation of alternative enrollment procedures other than the wet signature should not compromise consumer protection.

Over the past several months, Board Staff had a number of discussions with licensed suppliers, gas and electric utilities, the Ratepayer Advocate and the Division of Consumer Affairs and identified other enrollment methods that the parties believed were at least as secure as a wet signature. The Board reviewed Staff's recommendations and reached the conclusion that it would consider a trial program permitting customer enrollment through the Internet. If successful, the Board believed that this additional enrollment method would facilitate customer choice and increase the number of active suppliers from which customers might choose, while also maintaining the strict Board approach to prevent customers from being slammed.

After reviewing the alternatives in this context, the Board believes that Internet enrollment would meet or exceed the protections provided by wet signature enrollment for the following reasons:

- A. enrollment through the Internet requires that a customer actively choose to explore customer choice by logging-on to a supplier's website.
- B. since the customer would be choosing the most convenient time to explore customer choice, it is more likely they would take the time to thoroughly review and understand the terms and conditions of any prospective contract.
- C. since the customer would not be subject to sales pressure, the customer would be more likely to explore a number of alternate websites and offers.
- D. Internet enrollment provides a traceable record.
- E. it is less likely that a customer account number could be obtained through the Internet.
- F. Internet information can be provided in foreign languages.

The Board believes that use of alternatives to the wet signature process would also enhance market development. A number of sources indicate that the wet signature process is 5-6 times more expensive for suppliers than Internet enrollment. The Board has become increasingly concerned that the current requirements may be creating a barrier to market entry by suppliers who would most likely concentrate on the residential market. Moreover, lack of participation in the State by some of the larger residential marketers could limit the amount of industry-driven marketing and education directed at the residential consumer, which might otherwise supplement the BPU-sponsored consumer education program currently being implemented throughout the State. The Board believes that an active residential market is an important aspect of retail choice and consumer education programs. In short, a massive outreach and education program could actually be counterproductive if consumers were educated on retail choice, only to discover that there were few suppliers offering products.

A number of electric power suppliers active in the Pennsylvania residential market had indicated that their plans for participation in the residential market in New Jersey were on hold or substantially scaled back. While the residential marketers cited a

number of reasons related to the Board's various standards and requirements, the most common reason given for not being more active in the New Jersey residential market was the wet signature requirement. Suppliers claimed that this requirement added significant cost, as well as increased time and complexity, to the enrollment process.

For the foregoing reasons, the Board previously approved the Pilot Program. However, as a result of the Board's review of the new federal law, the Board FINDS that the 10% limit on customer enrollments should be eliminated from the Pilot Program. The Board believes that this modification will not affect the previously enunciated benefits of "facilitating customer choice and increasing the number of active suppliers from which customers might choose, while also maintaining a strict Board approach to prevent consumer slamming". The modified Pilot Program will also comply with all aspects of the Board's Consumer Protection Standards.

Therefore, the Board ORDERS the implementation of an Internet Enrollment Program on September 1, 2000, as described in Attachment A, version 8, dated August 16, 2000. This Order incorporates all other conditions of our Order dated August 17, 2000, including a Staff review by June 1, 2001.

DATED: September 12, 2000

BOARD OF PUBLIC UTILITIES  
BY:

SIGNED

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HERBERT H. TATE  
PRESIDENT

SIGNED

\_\_\_\_\_  
CARMEN J. ARMENTI  
COMMISSIONER

SIGNED

\_\_\_\_\_  
FREDERICK F. BUTLER  
COMMISSIONER

SIGNED

ATTEST: \_\_\_\_\_  
FRANCES L. SMITH  
SECRETARY